



Sen. Kwame Raoul

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1 AMENDMENT TO HOUSE BILL 479

2 AMENDMENT NO. _____. Amend House Bill 479 by replacing
3 everything after the enacting clause with the following:

4 "Article 1. Fantasy Sports Contest Act

5 Section 1-1. Short title. This Article may be cited as the
6 Fantasy Sports Contest Act. References in this Article to "this
7 Act" mean this Article.

8 Section 1-5. Legislative intent.

9 (a) The General Assembly hereby finds and declares that:

10 (1) Interactive fantasy sports contests are contests
11 of skill in which fantasy or simulation teams are selected
12 based upon the skill and knowledge of the participants and
13 not based solely on the membership of an actual team.

14 (2) Interactive fantasy sports contests are not wagers
15 on future contingent events not under the contestants'

1 control or influence because contestants have control over
2 which players they choose and the outcome of each contest
3 is not dependent upon the performance of any one player or
4 any one actual team. The outcome of any interactive fantasy
5 sports contest does not correspond to the outcome of any
6 one real-life competitive event. Instead, the outcome
7 depends on how the performances of participants' fantasy
8 roster choices compared to the performance of others'
9 roster choices.

10 (b) Based on the findings in this Section, the General
11 Assembly declares that interactive fantasy sports contests do
12 not constitute gambling as defined in Section 28-1 of the
13 Criminal Code of 2012.

14 (c) The General Assembly further finds that as the Internet
15 has become an integral part of society, and interactive fantasy
16 sports contests a major form of entertainment for many
17 consumers, any interactive fantasy sports enforcement and
18 regulatory structure must begin from the bedrock premise that
19 participation in a lawful and licensed interactive fantasy
20 sports industry is a privilege and not a right, and that
21 regulatory oversight is intended to safeguard the integrity of
22 the games and participants and to ensure accountability and the
23 public trust.

24 Section 1-10. Definitions. As used in this Act:

25 "Authorized player" means an individual located in this

1 State that participates in an interactive fantasy sports
2 contest offered by an interactive fantasy sports operator.

3 "Beginner fantasy sports player" means an individual who is
4 at least 21 years of age and who has entered fewer than 51
5 interactive fantasy sports contests offered by a single
6 interactive fantasy sports operator.

7 "Board" means the Illinois Gaming Board.

8 "Collegiate sport or athletic event" means a sport or
9 athletic event offered or sponsored by or played in connection
10 with a public or private institution that offers education
11 services beyond the secondary level.

12 "Entry fee" means cash or cash equivalent that is paid by
13 an authorized player to an interactive fantasy sports operator
14 to participate in an interactive fantasy sports contest offered
15 by that interactive fantasy sports operator.

16 "High school sport or athletic event" means a sport or
17 athletic event offered or sponsored by or played in connection
18 with a public or private institution that offers education
19 services at the secondary level.

20 "Highly experienced player" means an authorized player who
21 has:

22 (1) entered more than 1,000 interactive fantasy sports
23 contests offered by a single interactive fantasy sports
24 operator; or

25 (2) won more than 3 prizes valued at \$1,000 each or
26 more from a single interactive fantasy sports operator.

1 "Interactive fantasy sports contest" means a fantasy
2 contest, in which:

3 (1) the value of all prizes and awards offered to
4 winning participants are established and made known to the
5 participants in advance of the contest and their value is
6 not determined by the number of participants or the amount
7 of any fees paid by those participants;

8 (2) all winning outcomes are determined predominantly
9 by accumulated statistical results of the performance of
10 individual athletes in real-world professional athletic
11 competitions; a professional athletic competition does not
12 include any amateur or collegiate level sport; and

13 (3) no winning outcome is based on the score, point
14 spread, or any performance or performances of any single
15 actual team or combination of such teams or solely on any
16 single performance of an individual athlete or player in
17 any single actual event.

18 "Interactive fantasy sports gross revenue" means the
19 amount equal to the total of all entry fees that an interactive
20 fantasy sports operator collects from all players, multiplied
21 by the location percentage for the State.

22 "Interactive fantasy sports operator" means a person or
23 entity that engages in the business of offering, by means of
24 the Internet, a smart phone application, or other similar
25 electronic or digital media or communication technologies,
26 multiple interactive fantasy sports contests to persons.

1 "Interactive fantasy sports platform" means any website,
2 smart phone application, or other portal providing access to an
3 interactive fantasy sports contest.

4 "Location percentage" means, for each interactive fantasy
5 sports contest, the percentage, rounded to the nearest tenth of
6 a percent, of the total entry fees collected by an interactive
7 fantasy sports operator from players located in this State,
8 divided by the total entry fees collected by an interactive
9 fantasy sports operator from all players in interactive fantasy
10 sports contests.

11 "Minor" means a person under the age of 21 years.

12 "Permitted sports event" means a professional sport or
13 athletic event or other competitive event. "Permitted sports
14 event" does not include a prohibited sports event.

15 "Prohibited sports event" means an amateur sport or
16 athletic event, a collegiate sport or athletic event, or a high
17 school sport or athletic event.

18 Section 1-15. Applicability. This Act and all rules adopted
19 under the authority of this Act shall apply only to interactive
20 fantasy sports contests for which an authorized player pays an
21 entry fee.

22 Section 1-20. Licensing.

23 (a) No interactive fantasy sports operator shall
24 administer, manage, or otherwise make available an interactive

1 fantasy sports platform to persons located in the State unless
2 licensed by the Board under this Act.

3 (b) A qualified person may apply to the Board for an
4 interactive fantasy sports operator license to conduct
5 interactive fantasy sports contests as provided in this Act.
6 The application shall be made on forms provided by the Board.
7 The burden is upon each applicant to demonstrate suitability
8 for licensure. Each interactive fantasy sports operator shall
9 be licensed by the Board. The Board may issue a license for a
10 period of up to 2 years or, in the case of interactive fantasy
11 sports operators with annual interactive fantasy sports gross
12 revenues less than \$100,000, for up to 3 years.

13 (c) Each person seeking and possessing a license as an
14 interactive fantasy sports operator shall submit to a
15 background investigation conducted by the Board with the
16 assistance of the State Police or other law enforcement. To the
17 extent that the corporate structure of the applicant allows,
18 the background investigation shall include any or all of the
19 following as the Board deems appropriate or as provided by
20 rule: (i) each beneficiary of a trust, (ii) each partner of a
21 partnership, (iii) each member of a limited liability company,
22 (iv) each director and officer of a publicly or non-publicly
23 held corporation, (v) each stockholder of a non-publicly held
24 corporation, (vi) each stockholder of 5% or more of a publicly
25 held corporation, or (vii) each stockholder of 5% or more in a
26 parent or subsidiary corporation.

1 (d) Each person seeking and possessing a license as an
2 interactive fantasy sports operator shall disclose the
3 identity of every person, association, trust, corporation, or
4 limited liability company having a greater than 1% direct or
5 indirect pecuniary interest in the interactive fantasy sports
6 operator for which the license is sought. If the disclosed
7 entity is a trust, the application shall disclose the names and
8 addresses of the beneficiaries; if a corporation, the names and
9 addresses of all stockholders and directors; if a limited
10 liability company, the names and addresses of all members; or
11 if a partnership, the names and addresses of all partners, both
12 general and limited.

13 (e) All information, records, interviews, reports,
14 statements, memoranda, or other data supplied to or used by the
15 Board in the course of its review or investigation of an
16 application for a license or a renewal under this Act shall be
17 privileged and strictly confidential and shall be used only for
18 the purpose of evaluating an applicant for a license or a
19 renewal. The information, records, interviews, reports,
20 statements, memoranda, or other data shall not be admissible as
21 evidence nor discoverable in any action of any kind in any
22 court or before any tribunal, board, agency, or person, except
23 for any action deemed necessary by the Board.

24 (f) No person may be licensed as an interactive fantasy
25 sports operator if that person has been found by the Board to:

26 (1) have a background, including a criminal record,

1 reputation, habits, social or business associations, or
2 prior activities, that poses a threat to the public
3 interests of the State or to the security and integrity of
4 interactive fantasy sports contests;

5 (2) create or enhance the dangers of unsuitable,
6 unfair, or illegal practices, methods, and activities in
7 the conduct of interactive fantasy sports contests; or

8 (3) present questionable business practices and
9 financial arrangements incidental to the conduct of
10 interactive fantasy sports contests.

11 (g) Any applicant for a license under this Act has the
12 burden of proving his or her qualifications to the satisfaction
13 of the Board. The Board may adopt rules to establish additional
14 qualifications and requirements to preserve the integrity and
15 security of interactive fantasy sports contests in this State.

16 (h) An interactive fantasy sports operator that has been
17 operating in Illinois for at least 6 months on December 23,
18 2015 may operate in Illinois until a final decision is rendered
19 on the application for an interactive fantasy sports operator
20 license.

21 (i) The Board, by rule, shall establish a process for
22 license renewal.

23 (j) The Board shall publish a list of all interactive
24 fantasy sports operators licensed in this State under this
25 Section on the Board's website for public use.

1 Section 1-25. Operators; required safeguards; minimum
2 standards.

3 (a) As a condition of licensure in this State, each
4 interactive fantasy sports operator shall implement and
5 maintain commercially reasonable measures to:

6 (1) limit each authorized player to one username and
7 one account and verify a fantasy sports player's true
8 identity;

9 (2) prohibit minors from participating in an
10 interactive fantasy sports contest, including:

11 (A) if the interactive fantasy sports operator
12 becomes or is made aware that a minor has participated
13 in one of its interactive fantasy sports contests,
14 promptly refund any deposit received from the minor,
15 whether or not the minor has engaged in or attempted to
16 engage in an interactive fantasy sports contest;
17 however, any refund may be offset by any prizes already
18 awarded;

19 (B) publishing and facilitating parental control
20 procedures to allow parents or guardians to exclude
21 minors from access to any interactive fantasy sports
22 contest or interactive fantasy sports platform; and

23 (C) taking appropriate steps to confirm that an
24 individual opening an account is not a minor;

25 (3) when referencing the likelihood of winning in
26 advertisements or upon interactive fantasy sports contest

1 entry, make clear and conspicuous statements that are not
2 inaccurate or misleading concerning the likelihood of
3 winning and the number of winners;

4 (4) enable authorized players to restrict themselves
5 from interactive fantasy sports contests and take
6 reasonable steps to prevent these players from entering an
7 interactive fantasy sports contest from which they have
8 excluded themselves; these restrictions shall include, but
9 not be limited to: (A) interactive fantasy sports contest
10 entry limits, (B) limiting play to interactive fantasy
11 sports contest with entry fees below an established limit,
12 and (C) self-imposed deposit limits less than allowed under
13 this Act; interactive fantasy sports operators shall
14 implement and prominently publish procedures for fantasy
15 sports players to implement the restrictions; fantasy
16 sports players shall have the option to adjust these limits
17 to make them more restrictive of gameplay as often as they
18 like, but shall not have the option to make limits less
19 restrictive of gameplay within 90 days after setting the
20 limits;

21 (5) offer introductory procedures for authorized
22 players, that shall be prominently displayed on the
23 interactive fantasy sports operator's interactive fantasy
24 sports platform, that explain interactive fantasy sports
25 contest play and how to identify a highly experienced
26 player;

1 (6) identify all highly experienced players in an
2 interactive fantasy sports contest by a symbol attached to
3 the players' user names, or by other easily visible means,
4 on all interactive fantasy sports platforms supported by an
5 interactive fantasy sports operator;

6 (7) disclose the number of entries a single authorized
7 player may submit to each interactive fantasy sports
8 contest;

9 (8) disclose the maximum number of total entries
10 allowed for each interactive fantasy sports contest;

11 (9) implement measures to comply with all applicable
12 State and federal requirements for data security,
13 including, but not limited to, age verification and
14 location software;

15 (10) offer all authorized players access to his or her
16 account history and account details;

17 (11) ensure funds in fantasy sports players' accounts
18 are held in segregated accounts by the interactive fantasy
19 sports operators for the fantasy sports players that
20 establish the accounts; interactive fantasy sports
21 operators shall implement and prominently publish
22 procedures that:

23 (A) prevent unauthorized withdrawals from fantasy
24 sports player accounts by interactive fantasy sports
25 operators or others;

26 (B) prevent commingling of funds in a fantasy

1 sports player's account with other funds, including,
2 without limitation, funds of the interactive fantasy
3 sports operator; fantasy sports player funds shall be
4 segregated from interactive fantasy sports operators'
5 operational funds and any other funds held by the
6 interactive fantasy sports operator; and

7 (C) address reporting on complaints by fantasy
8 sports players that their accounts have been
9 misallocated, compromised, or otherwise mishandled;

10 (12) provide on the interactive fantasy sports
11 platform, in a prominent place, information concerning
12 assistance for compulsive play;

13 (13) prohibit the extension of credit from an
14 interactive fantasy sports operator to an authorized
15 player;

16 (14) develop policies to prevent the use of proxy
17 servers for the purpose of misrepresenting a player's
18 location in order to engage in interactive fantasy sports
19 contests; and

20 (15) prevent one fantasy sports player from acting as a
21 proxy for another.

22 (b) No interactive fantasy sports operator employee,
23 principal, officer, director, or contractor shall play any
24 interactive fantasy sports contest offered to the general
25 public or play in such contest through another person as a
26 proxy. For the purposes of this subsection (b), a contractor is

1 limited to a contractor who can access information of an
2 interactive fantasy sports operator related to the conduct of
3 an interactive fantasy sports contest that is not available to
4 other fantasy sports players. Interactive fantasy sports
5 operators shall make these restrictions known to all affected
6 individuals and corporate entities.

7 (c) No interactive fantasy sports operator employee,
8 principal, officer, director, or contractor shall disclose
9 confidential information that may affect interactive fantasy
10 sports contest gameplay to any person permitted to engage in
11 interactive fantasy sports contest gameplay. Interactive
12 fantasy sports operators shall make these restrictions known to
13 all affected individuals and corporate entities.

14 (d) No interactive fantasy sports operator shall allow a
15 professional athlete whose individual statistics or
16 performance may be used to determine any part of the outcome of
17 any interactive fantasy sports contest to enter interactive
18 fantasy sports contests in the sports in which he or she
19 participates. An interactive fantasy sports operator shall
20 take commercially reasonable efforts to prevent a sports agent,
21 team employee, referee, or league official associated with any
22 competition that is the subject of interactive fantasy sports
23 contests to enter interactive fantasy sports contests in the
24 sport in which he or she participates, nor shall such athlete,
25 sports agent, team official, team representative, referee, or
26 league official play through another person as a proxy.

1 (1) Interactive fantasy sports operators shall take
2 commercially reasonable efforts to obtain lists of persons
3 described in this subsection (d) for the purpose of
4 implementing this subsection (d).

5 (2) Interactive fantasy sports operators, upon
6 learning of a violation of this subsection (d), shall bar
7 the individual committing the violation from playing in any
8 interactive fantasy sports contest by suspending the
9 individual's account and banning the individual from
10 further play, shall terminate any existing promotional
11 agreements with the individual, and shall refuse to make
12 any new promotional agreements that compensate the
13 individual.

14 (3) Interactive fantasy sports operators shall make
15 these restrictions known to all affected individuals and
16 corporate entities.

17 (e) Each interactive fantasy sports operator shall:

18 (1) ensure the value of any prizes and awards offered
19 to authorized players are established and made known to the
20 players in advance of the interactive fantasy sports
21 contest;

22 (2) ensure all winning outcomes reflect the relative
23 knowledge and skill of the authorized players and are
24 determined predominantly by accumulated statistical
25 results of the performance of individuals in permitted
26 sports events;

1 (3) ensure no winning outcome is based on the score,
2 point spread, or performance of a single sports team, or a
3 combination of sports teams;

4 (4) ensure no winning outcome is based solely on a
5 single performance of an individual athlete in a single
6 sport or athletic event; and

7 (5) ensure no interactive fantasy sports contest is
8 based on a prohibited sports event.

9 (f) Interactive fantasy sports operators shall implement
10 and prominently publish procedures that allow any fantasy
11 sports player to permanently close an account at any time and
12 for any reason. The procedures shall allow for cancellation by
13 any means, including, without limitation, by a fantasy sports
14 player on any interactive fantasy sports contest used by that
15 fantasy sports player to make deposits into a fantasy sports
16 player account. A copy of an interactive fantasy sports
17 operator's procedures shall be submitted to the Board and any
18 changes shall be submitted within 30 days.

19 (g) When a fantasy sports player account is closed, the
20 interactive fantasy sports operator shall refund all funds in
21 the account no later than 5 business days after submission of
22 the request or 10 business days after submission of any tax
23 reporting information required by law, whichever is later,
24 unless the interactive fantasy sports operator makes a good
25 faith determination that the fantasy sports player engaged in
26 fraudulent or other conduct that would constitute a violation

1 of this Act, rules adopted pursuant to this Act, or the
2 interactive fantasy sports operator's policies, in which case,
3 upon notice to the fantasy sports player of that determination,
4 the withdrawal may be held pending a reasonable investigative
5 period to resolve its investigation. For the purposes of this
6 subsection (g), a request for withdrawal shall be considered
7 honored if it is processed by the interactive fantasy sports
8 operator, but delayed by a payment processor, a credit card
9 issuer, or the custodian of the financial account.

10 (h) If a prize is awarded to a fantasy sports player with a
11 closed account, that prize, to the extent it consists of funds,
12 shall be distributed by the interactive fantasy sports operator
13 within 5 business days, or 10 business days of submission of
14 any tax reporting information required by law, unless the
15 interactive fantasy sports operator makes a good faith
16 determination that the fantasy sports player engaged in
17 fraudulent or other conduct that would constitute a violation
18 of this Act or rules adopted pursuant to this Act. If such
19 determination is made, then the prize may be withheld, provided
20 that it is then awarded to another fantasy sports player in the
21 same interactive fantasy sports contest who would have won the
22 prize had the fantasy sports player with the closed account not
23 participated.

24 (i) An interactive fantasy sports operator shall
25 prominently publish all contractual terms and conditions and
26 rules of general applicability that affect a fantasy sports

1 player's account. Presentation of such terms, conditions, and
2 rules at the time of on boarding a new fantasy sports player
3 shall not suffice.

4 (j) Interactive fantasy sports operators shall have
5 prominently published rules that govern when each interactive
6 fantasy sports contest shall close or lock. Each interactive
7 fantasy sports contest operator shall also prominently
8 disclose contest-specific information about the time that the
9 interactive fantasy sports contest closes or locks in
10 connection with each interactive fantasy sports contest
11 offered. An interactive fantasy sports operator shall strictly
12 enforce all disclosed closing or lock times.

13 (k) Fantasy sports player's deposits shall be limited to no
14 more than \$1,000 per month. However, an interactive fantasy
15 sports operator may establish and prominently publish
16 procedures for temporarily or permanently increasing a fantasy
17 sports player's deposit limit, at the request of the fantasy
18 sports player, above \$1,000 per month. Such procedures shall be
19 submitted to the Board.

20 If established by an interactive fantasy sports operator,
21 such procedures shall include evaluation of information,
22 including income or asset information, sufficient to establish
23 that the fantasy sports player can afford losses that might
24 result from gameplay at the deposit limit level requested.

25 When a temporary or permanent deposit level limit increase
26 is approved, the interactive fantasy sports operator's

1 procedures shall provide for annual re-certification of a
2 player's financial ability to afford losses.

3 (1) The following entry limits apply:

4 (1) interactive fantasy sports operators shall not
5 allow players to submit more than one entry in an
6 interactive fantasy sports contest involving 12 entries or
7 fewer;

8 (2) interactive fantasy sports operators shall not
9 allow players to submit more than 2 entries in an
10 interactive fantasy sports contest involving more than 13
11 entries but fewer than 36 entries;

12 (3) interactive fantasy sports operators shall not
13 allow players to submit more than 3 entries in an
14 interactive fantasy sports contest involving 36 or more
15 entries but fewer than 101 entries; and

16 (4) interactive fantasy sports operators shall not
17 allow fantasy sports players to submit more than 3% of all
18 entries in an interactive fantasy sports contest involving
19 101 or more entries.

20 An interactive fantasy sports operator may establish
21 interactive fantasy sports contests, representing less
22 than 2% of the total number of interactive fantasy sports
23 contests that the interactive fantasy sports operator
24 offers, in which there is no restriction on the number of
25 entries, provided that (i) the interactive fantasy sports
26 operator clearly discloses that there are no limits on the

1 number of entries by each player in the interactive fantasy
2 sports contest and (ii) that the cost of participating in
3 the interactive fantasy sports contest is \$50 or more per
4 entry.

5 (m) Interactive fantasy sports operators shall not offer an
6 interactive fantasy sports contest based on a prohibited sports
7 event.

8 (n) An interactive fantasy sports operator shall not
9 participate in an interactive fantasy sports contest offered by
10 the interactive fantasy sports operator.

11 (o) An interactive fantasy sports operator shall not permit
12 unauthorized scripts to be used on interactive fantasy sports
13 platforms and shall use commercially reasonable efforts to
14 monitor for and to prevent use of such scripts.

15 (p) Interactive fantasy sports operators shall develop and
16 prominently display procedures on the interactive fantasy
17 sports operator's interactive fantasy sports platform for the
18 filing of a complaint by the authorized player against the
19 interactive fantasy sports operator. The interactive fantasy
20 sports operator shall give an initial response to the player
21 within 48 hours after the player files the complaint. The
22 interactive fantasy sports operator shall give a complete
23 response to the player filing the complaint within 10 business
24 days after the initial response is issued. An authorized player
25 may file a complaint alleging a violation of the provisions of
26 this Act with the Board.

1 (q) An interactive fantasy sports operator shall close any
2 fantasy player account that is inactive for 2 years and notify
3 the account holder that the account has been closed by email to
4 the account holder's last known email address. When a fantasy
5 sports player account is closed due to inactivity, the
6 interactive fantasy sports operator shall take commercially
7 reasonable steps to refund all funds in the fantasy sports
8 player account within 30 days, subject to the receipt of any
9 tax information required by law. In the event that funds in a
10 closed fantasy sports player account exceed \$5 and cannot be
11 refunded and remain unclaimed, the interactive fantasy sports
12 operator shall provide notice of the existence of funds to the
13 fantasy sports player. Such notice shall be provided by email
14 to the account holder's last known email address. In the event
15 that funds in a closed fantasy sports player account cannot be
16 refunded and remain unclaimed by the fantasy sports player
17 after 3 years, such funds shall be paid by the interactive
18 fantasy sports operator to the Unclaimed Property Trust Fund in
19 the Office of the State Treasurer. The interactive fantasy
20 sports operator shall provide notice to the fantasy sports
21 player's email address at least 60 days prior to paying the
22 funds to the Unclaimed Property Trust Fund.

23 (r) Interactive fantasy sports operators shall develop
24 games that are limited to beginner fantasy sports players and
25 shall prohibit individuals who are not beginner fantasy sports
26 players from participating in those games either directly or

1 through another person as a proxy. An interactive fantasy
2 sports operator shall suspend the account of an individual who
3 is not a beginner fantasy sports player and who enters a game
4 limited to beginner fantasy sports players and shall ban the
5 player from future play.

6 (s) All interactive fantasy sports operators shall develop
7 games in which highly experienced fantasy sports players cannot
8 participate either directly or through another person as a
9 proxy. An interactive fantasy sports operator shall suspend the
10 account of a highly experienced fantasy sports player who
11 enters a game that excludes highly experienced fantasy sports
12 players directly or through another person as a proxy and shall
13 ban the individual from future play.

14 Section 1-30. Multiple interactive fantasy sports
15 platforms; interactive fantasy sports contests. A licensee may
16 use multiple interactive fantasy sports platforms and offer
17 multiple types of interactive fantasy sports contests.

18 Section 1-35. Advertising.

19 (a) Advertisements of interactive fantasy sports operators
20 shall not feature: (1) minors (other than professional athletes
21 who may be minors), (2) students, (3) schools, colleges, or
22 universities, or (4) school, college, or university settings.
23 However, incidental depiction of non-featured minors or minors
24 accompanying adults shall not be a violation of this subsection

1 (a).

2 (b) Interactive fantasy sports operators shall not
3 advertise on school, college, or university campuses.

4 (c) Interactive fantasy sports operators shall not
5 advertise at amateur athletic competitions, except to the
6 extent that those competitions are played in stadiums where
7 professional competitions are held and where non-digital
8 advertisements have been posted, erected, or otherwise
9 displayed in a manner that would require substantial effort to
10 remove.

11 Section 1-40. Powers and duties of the Board.

12 (a) The Board has jurisdiction over and shall supervise all
13 interactive fantasy sports contests governed by this Act. The
14 Board has all powers and duties necessary and proper to fully
15 and exclusively execute the provisions of the Act, including,
16 but not limited to, the following:

17 (1) To investigate applicants and determine the
18 eligibility of applicants that best serve the interests of
19 the citizens of Illinois.

20 (2) To provide for the establishment and collection of
21 all fees, fines, and taxes imposed by this Act and the
22 rules adopted under this Act.

23 (3) To suspend, revoke, or restrict licenses; to
24 require the removal of an interactive fantasy sports
25 operator or an employee of an interactive fantasy sports

1 operator for a violation of this Act; and to impose civil
2 penalties of an amount up to \$5,000 against individuals and
3 \$10,000 against licensees for each violation of the
4 provisions of this Act.

5 (4) To approve and deny applications for licensure to
6 conduct interactive fantasy sports contests in this State,
7 and to suspend, refuse or renew, or revoke a license issued
8 under this Act.

9 (5) To accept and investigate complaints of any kind
10 from an authorized player and attempt to mediate the
11 complaints where appropriate.

12 (6) To investigate alleged violations of this Act.

13 (7) To initiate proper enforcement proceedings where
14 such action is deemed by the Board to be necessary or
15 appropriate.

16 (8) To exercise all powers and duties assigned by this
17 Act.

18 (b) The Board shall adopt rules to implement the provisions
19 of and effectuate the policy and objectives of this Act as the
20 Board may deem necessary or advisable, including, but not
21 limited to, the development of the initial form of the
22 application for licensure. These rules shall include, but not
23 be limited to, responsible protections with regard to
24 compulsive play and safeguards for fair play. The Board shall
25 not adopt rules limiting or regulating:

26 (1) the rules or the administration of an individual

1 interactive fantasy sports contest;

2 (2) the statistical makeup of an interactive fantasy
3 sports contest; or

4 (3) the digital interactive fantasy sports platform of
5 an interactive fantasy sports operator.

6 (c) The Board shall adopt emergency rules to administer
7 this Act in accordance with Section 5-45 of the Illinois
8 Administrative Procedure Act. For the purposes of the Illinois
9 Administrative Procedure Act, the General Assembly finds that
10 the adoption of rules to implement this Act is deemed an
11 emergency and necessary for the public interest, safety, and
12 welfare.

13 Section 1-45. Annual report.

14 (a) Each licensee shall annually submit a report to the
15 Board by no later than June 30 of each year that shall include
16 the following information as it applies to accounts held by
17 authorized players located in this State:

18 (1) the number of accounts held by authorized players
19 on all interactive fantasy sports platforms offered by the
20 interactive fantasy sports operator and the number of
21 accounts held by highly experienced players on all
22 interactive fantasy sports platforms offered by the
23 interactive fantasy sports operator;

24 (2) the total number of new accounts established in the
25 preceding year as well as the total number of accounts

1 permanently closed in the preceding year;

2 (3) the total amount of entry fees received from
3 authorized players;

4 (4) the total amount of prizes awarded to authorized
5 players;

6 (5) the total amount of interactive fantasy sports
7 gross revenue received by the licensee; and

8 (6) the total number of authorized players that
9 requested to exclude themselves from interactive fantasy
10 sports contests.

11 (b) The Board shall annually publish a report based on the
12 aggregate information provided by all interactive fantasy
13 sports operators in accordance with this Section, that shall be
14 published on the Board's website no later than 180 days after
15 the deadline for the submission of individual reports as
16 specified in this Section.

17 Section 1-50. State tax.

18 (a) A privilege tax is imposed on persons engaged in the
19 business of operating an interactive fantasy sports contest in
20 this State. For the privilege of conducting interactive fantasy
21 sports contests in the State, interactive fantasy sports
22 operators shall pay a tax at the following graduated rates:

23 (1) 5% of annual interactive fantasy sports gross
24 revenue up to and including \$1,000,000;

25 (2) 7.5% of annual interactive fantasy sports gross

1 revenue in excess of \$1,000,000 but not exceeding
2 \$3,000,000;

3 (3) 10% of annual interactive fantasy sports gross
4 revenue in excess of \$3,000,000 but not exceeding
5 \$8,000,000;

6 (4) 15% of annual interactive fantasy sports gross
7 revenue in excess of \$8,000,000.

8 (b) The tax imposed by this Section shall be paid by the
9 interactive fantasy sports operator to the Board not later than
10 the 15th day of every month for the previous month's privilege
11 taxes.

12 Section 1-55. Disposition of taxes. The Board shall pay
13 into the Education Assistance Fund all taxes imposed by this
14 Act, any interest and penalties imposed by the Board relating
15 to those taxes, all penalties levied and collected by the
16 Board, and the appropriate funds, cash, or prizes forfeited
17 from interactive fantasy sports contests.

18 Section 1-60. Audits. All interactive fantasy sports
19 operators with annual interactive fantasy sports contest gross
20 revenue of \$100,000 or more shall annually be subject to an
21 audit of the financial transactions and condition of the
22 interactive fantasy sports operator's total operations as they
23 relate to the offering and operating of interactive fantasy
24 sports contests and to ensure compliance with all of the

1 requirements in this Act. Interactive fantasy sports operators
2 with annual interactive fantasy sports contest gross revenues
3 less than \$100,000 shall every 3 years be subject to an audit
4 of the financial transactions and condition of the interactive
5 fantasy sports operator's total operations as they relate to
6 the offering and operating of interactive fantasy sports
7 contests and to ensure compliance with all of the requirements
8 in this Act. All audits and compliance engagements shall be
9 conducted by certified public accountants or an independent
10 testing laboratory approved by the Board. The compensation for
11 each certified public accountant or independent testing
12 laboratory shall be paid directly by the interactive fantasy
13 sports operator to the certified public accountant or
14 independent testing laboratory. The audit shall be conducted
15 and submitted to the Board by June 30 of each year.

16 Section 1-65. Limitation on the taxation of interactive
17 fantasy sports operators. Interactive fantasy sports operators
18 shall not be subjected to an excise tax, license tax, permit
19 tax, privilege tax, amusement tax, or occupation tax that is
20 imposed upon the licensee by the State or any political
21 subdivision thereof, except as provided in this Act.

22 Section 1-70. Application fees; license fees.

23 (a) A non-refundable application fee shall be paid at the
24 time an application for licensure is filed with the Board in

1 the following amounts:

2 (1) Interactive fantasy sports operators with annual
3 interactive fantasy sports gross revenue greater than
4 \$10,000,000..... \$25,000

5 (2) Interactive fantasy sports operators with annual
6 interactive fantasy sports gross revenue greater than
7 \$5,000,000 but not more than \$10,000,000 \$12,500

8 (3) Interactive fantasy sports operators with annual
9 interactive fantasy sports gross revenue greater than
10 \$1,000,000 but not more than \$5,000,000 \$7,500

11 (4) Interactive fantasy sports operators with annual
12 interactive fantasy sports gross revenue of at least
13 \$100,000 but not more than \$1,000,000 \$5,000

14 (5) Interactive fantasy sports operators with annual
15 interactive fantasy sports gross revenue less than
16 \$100,000 \$500

17 (b) The Board shall establish a fee for each license not to
18 exceed the following for the initial licensure period:

19 (1) Interactive fantasy sports operators with annual
20 interactive fantasy sports gross revenue greater than
21 \$10,000,000..... \$50,000

22 (2) Interactive fantasy sports operators with annual
23 interactive fantasy sports gross revenue greater than
24 \$5,000,000 but not more than \$10,000,000 \$25,000

25 (3) Interactive fantasy sports operators with annual
26 interactive fantasy sports gross revenue greater than

1 \$1,000,000 but not more than \$5,000,000 \$15,000

2 (4) Interactive fantasy sports operators with annual
3 interactive fantasy sports gross revenue of at least
4 \$100,000 but not more than \$1,000,000 \$10,000

5 (5) Interactive fantasy sports operators with annual
6 interactive fantasy sports gross revenue less than
7 \$100,000 \$1,500

8 (c) For subsequent licensure periods, the renewal fee shall
9 not exceed the following:

10 (1) Interactive fantasy sports operators with annual
11 interactive fantasy sports gross revenue greater than
12 \$10,000,000..... \$37,500

13 (2) Interactive fantasy sports operators with annual
14 interactive fantasy sports gross revenue greater than
15 \$5,000,000 but not more than \$10,000,000 \$18,750

16 (3) Interactive fantasy sports operators with annual
17 interactive fantasy sports gross revenue greater than
18 \$1,000,000 but not more than \$5,000,000 \$11,250

19 (4) Interactive fantasy sports operators with annual
20 interactive fantasy sports gross revenue of at least
21 \$100,000 but not more than \$1,000,000 \$7,500

22 (5) Interactive fantasy sports operators with annual
23 interactive fantasy sports gross revenue less than
24 \$100,000 \$1,125

25 (d) All fees collected under this Section shall be
26 deposited into the State Gaming Fund.

1 (e) All fees collected under this Section shall be used for
2 the administration of this Act.

3 Section 1-75. Interactive fantasy sports contests
4 authorized. Interactive fantasy sports contests conducted in
5 accordance with the provisions of this Act are hereby
6 authorized.

7 Section 1-80. Interactive fantasy sports contests
8 prohibited. The conduct of interactive fantasy sports contests
9 by unlicensed operators is prohibited.

10 Section 1-85. Interactive fantasy sports contests;
11 Criminal Code of 2012. Interactive fantasy sports contests
12 offered in accordance with the provisions of this Act shall not
13 constitute gambling as defined in Section 28-1 of the Criminal
14 Code of 2012.

15 Section 1-900. Repeal. This Act is repealed on January 1,
16 2021.

17 Article 5. Internet Gaming Act

18 Section 5-1. Short title. This Article may be cited as the
19 Internet Gaming Act. References in this Article to "this Act"
20 mean this Article.

1 Section 5-5. Legislative findings and intent. The General
2 Assembly finds that the Internet has become an integral part of
3 everyday life for a significant number of Illinois residents,
4 not only in regard to their professional life, but also in
5 regard to personal business and communication. Internet
6 wagering on games of chance and games of skill is a core form
7 of entertainment for millions of individuals worldwide. In
8 multiple jurisdictions across the world, Internet gaming is
9 legal, regulated, and taxed, generating millions of dollars in
10 revenue for governments.

11 The General Assembly further finds that Illinois residents
12 participate in illegal online gambling on unregulated Internet
13 websites operated by offshore operators who are not subject to
14 regulation or taxation in the United States. Neither federal
15 nor Illinois laws provide sufficient consumer protections for
16 Illinois residents who play games of chance or skill on these
17 illegal websites, nor does the State realize any benefits from
18 the revenues generated nor jobs created by illegal online
19 gaming.

20 In an opinion dated September 20, 2011, the United States
21 Department of Justice reversed its previous interpretation of
22 the federal Wire Act, 18 U.S.C. 1084, allowing states, subject
23 to certain restrictions, to legalize and regulate Internet
24 gaming and capture the revenue for the benefit of state
25 governments. The Department of Justice's opinion was prompted

1 in part by a request made by the Department of Revenue pursuant
2 to Public Act 96-34. In order to protect Illinois residents who
3 wager on games of chance and skill through the Internet and to
4 capture revenues and create jobs generated from Internet
5 gaming, it is in the best interest of the State and its
6 citizens to regulate this activity by authorizing and
7 establishing a secure, responsible, fair, and legal system of
8 Internet gaming that complies with the United States Department
9 of Justice's September 2011 opinion concerning the federal Wire
10 Act.

11 The General Assembly additionally finds that pursuant to
12 the federal Unlawful Internet Gambling Enforcement Act of 2006
13 (UIGEA), 31 U.S.C. 5361, the provisions of this Act are
14 consistent and comply with the UIGEA and specifically authorize
15 use of the Internet to place, receive, or otherwise knowingly
16 transmit a bet or wager where Internet wagering complies with
17 this Act and rules adopted pursuant to this Act.

18 Section 5-10. Definitions. As used in this Act:

19 "Authorized participant" means a person who has a valid
20 Internet wagering account with an Internet gaming licensee and
21 is at least 21 years of age.

22 "Board" means the Illinois Gaming Board.

23 "Division" means the Division of Internet Gaming within the
24 Illinois Gaming Board.

25 "Fee-based game" means a game determined by the Division to

1 be a fee-based game, where the Internet gaming licensee charges
2 a fee, rake, or commission for operating the game.

3 "Gross fee-based gaming revenue" means the fee, rake, or
4 commission charged by the Internet gaming licensee for
5 operation of fee-based games.

6 "Gross gaming revenue" is the aggregate of gross fee-based
7 gaming revenue and gross non-fee-based gaming revenue.

8 "Gross non-fee-based gaming revenue" means the aggregate
9 of the amount of net wins received on all non-fee-based games.

10 "Internet" means the international computer network of
11 interoperable packet-switched data networks, inclusive of such
12 additional technological platforms as mobile, satellite, and
13 other electronic distribution channels approved by the Board.

14 "Internet game" means a fee-based or non-fee-based game of
15 skill or chance that is offered by an Internet gaming licensee,
16 as authorized by the Board. "Internet game" includes gaming
17 tournaments conducted via the Internet in which players compete
18 against one another in one or more of the games authorized in
19 this definition or by the Division or in approved variations or
20 composites as authorized by the Division. "Internet game" does
21 not include an interactive fantasy sports contest under the
22 Fantasy Sports Contest Act.

23 "Internet gaming licensee" means a person, corporation,
24 partnership, or other entity receiving an Internet gaming
25 license from the Board to conduct Internet wagering.

26 "Internet gaming platform" means the combination of

1 hardware and software or other technology designed and used to
2 manage, conduct, and record Internet gaming and the wagers
3 associated with internet gaming, as approved by the Board.

4 "Internet gaming platform" includes an emerging or new
5 technology deployed to advance the conduct and operation of
6 Internet gaming, as approved through rulemaking by the Board.

7 "Internet gaming skin" means the brand used by the Internet
8 gaming licensee as presented through a portal, Internet
9 website, or computer or mobile application or app through which
10 authorized Internet gaming is made available to authorized
11 participants by an Internet gaming licensee.

12 "Internet gaming vendor" means a person, corporation,
13 partnership, or other entity that is certified by the Division
14 to provide or offer to provide goods, software, or services to
15 an Internet gaming licensee related to or supporting: (i) the
16 acceptance, testing, auditing, management, operation, support,
17 administration, or control of Internet wagers, Internet games,
18 Internet wagering accounts, or Internet gaming platforms or
19 (ii) the management, operation, administration, or control of
20 payment processing systems. Notwithstanding this definition,
21 the licensing of trademarks, names, likenesses, graphics, or
22 other images, without more, shall not render a licensor of such
23 intellectual property an Internet gaming vendor.

24 "Internet wagering" means the placing of wagers with an
25 Internet gaming licensee by persons who are either physically
26 present in Illinois when placing a wager or otherwise permitted

1 to place a wager by law. The intermediate routing of electronic
2 data in connection with Internet wagering, including across
3 state lines, shall not determine the location or locations in
4 which a wager is initiated, received, or otherwise made.

5 "Internet wagering account" means an electronic ledger
6 wherein the following types of transactions relative to the
7 Internet gaming platform are recorded: (i) deposits; (ii)
8 withdrawals; (iii) amounts wagered; (iv) amounts paid on
9 winning wagers; (v) service or other transaction-related
10 charges authorized by the patron, if any; (vi) adjustments to
11 the account; and (vii) any other information required by the
12 Division.

13 "Net wins" means the amount of Internet wagers received by
14 the Internet gaming licensee on non-fee based games less the
15 amount paid by the Internet gaming licensee as winnings on that
16 non-fee based game.

17 "Non-fee-based game" means a game determined by the Board
18 to be a non-fee-based game, where (i) the player plays against
19 the Internet gaming licensee and (ii) the Internet gaming
20 licensee is banking the game and its bottom line is affected by
21 players' wins and losses.

22 Section 5-15. Authorization. Internet wagering, as
23 defined in this Act, is hereby authorized to the extent that it
24 is carried out in accordance with the provisions of this Act.

1 Section 5-20. Division of Internet Gaming. The Division of
2 Internet Gaming is established within the Illinois Gaming Board
3 and shall have all of the powers and duties specified in this
4 Act and all other powers necessary and proper to enable it to
5 fully and effectively execute the provisions of this Act for
6 the purpose of administering, regulating, and enforcing the
7 system of Internet gaming established by this Act. The Division
8 of Internet Gaming's jurisdiction shall extend under this Act
9 to every person, corporation, partnership, or other entity
10 involved in Internet gaming operations. To the extent
11 consistent with the provisions of this Act, the Division shall
12 be subject to and governed by the laws and rules applicable to
13 the Board. The Division of Internet Gaming is also authorized
14 to enter into agreements with other gaming entities within the
15 United States, including any State or United States territory
16 or possession, for the purpose of facilitating, administering,
17 and regulating Internet gaming to the extent consistent with
18 federal laws and the laws of any State or United States
19 territory or possession that is a party to the
20 multijurisdictional agreement. The Division shall not
21 authorize, administer, or otherwise maintain a system for
22 offering wagering on any amateur or professional sporting event
23 or contest. Notwithstanding any other provision of this Act,
24 wagers may be accepted from persons who are in the United
25 States but not physically present in this State if the Division
26 determines that such wagering is not inconsistent with federal

1 law and the law of the United States jurisdiction in which any
2 such person is located or such wagering is conducted in
3 accordance with a multijurisdictional agreement that is not
4 inconsistent with federal law to which this State is a party.
5 The Division shall be funded with moneys appropriated to the
6 Illinois Gaming Board.

7 Section 5-25. Application and eligibility for licensure.
8 The Division of Internet Gaming is authorized to issue Internet
9 gaming licenses to persons, firms, partnerships, or
10 corporations that apply for such licensure upon a determination
11 by the Division that the applicant is eligible for an Internet
12 gaming license under this Act and rules adopted by the
13 Division. An Internet gaming license issued under this Act
14 shall be valid for a period of 5 years after the date of
15 issuance and shall be renewable thereafter for an additional 5
16 years based on a determination by the Division that the
17 licensee continues to meet all the requirements of this Act and
18 the Division's rules. Notwithstanding any other law to the
19 contrary, any assignment or transfer of an interest in an
20 Internet gaming license, or a greater than 10% interest, direct
21 or indirect, in any entity holding such a license, is subject
22 to the written approval by the Division. Approved transferees
23 are subject to a \$250,000 non-refundable application fee.
24 Eligibility for application for an Internet gaming license
25 shall be limited to any person or entity that holds a valid and

1 unrevoked: (1) owners license issued pursuant to the Riverboat
2 Gambling Act, or any affiliate thereof as defined by the Board
3 in its administrative rules implementing such Act, or any
4 person or entity who as of January 1, 2017 was designated by
5 the Illinois Gaming Board as a key person of an owners licensee
6 or is controlled by one or more key persons of an owners
7 licensee; (2) organization license issued pursuant to the
8 Illinois Horse Racing Act of 1975, but only if the organization
9 licensee conducted more than 30 days of live racing in calendar
10 year 2016, except that 2 additional internet gaming licenses
11 may be issued to entities awarded organization licenses after
12 2016 that exclusively conduct standardbred racing; or (3)
13 advance deposit wagering license issued pursuant to the
14 Illinois Horse Racing Act of 1975, but only if the advance
15 deposit wagering licensee conducted advance deposit wagering
16 in Illinois and handled in excess of \$1,000,000 in calendar
17 year 2016.

18 A qualified applicant may apply to the Division for an
19 Internet gaming license to offer wagering on Internet games as
20 provided in this Act. The application shall be made on forms
21 provided by the Division and shall contain such information as
22 the Division prescribes, including, but not limited to,
23 detailed information regarding the ownership and management of
24 the applicant, detailed personal information regarding the
25 applicant, financial information regarding the applicant, and
26 the gaming history and experience of the applicant in the

1 United States and other jurisdictions. Each application shall
2 be accompanied by a non-refundable application fee of \$250,000.
3 An incomplete application shall be cause for denial of a
4 license by the Division.

5 All information, records, interviews, reports, statements,
6 memoranda, or other data supplied to or used by the Division in
7 the course of its review or investigation of an application for
8 an Internet gaming license or a renewal under this Act is
9 subject to Section 5.1 and Section (d) of Section 6 of the
10 Riverboat Gambling Act.

11 Any person, association, corporation, partnership, or
12 entity who (i) knowingly makes materially false statements in
13 order to obtain an Internet gaming license; (ii) knowingly
14 advertises within the State of Illinois any game, product, or
15 feature that is not authorized by his or her license; or (iii)
16 violates any other provision of this Act or any rule adopted
17 under this Act is guilty of a Class B misdemeanor for the first
18 violation and is guilty of a Class A misdemeanor for a second
19 or subsequent violation. In the case of an association,
20 corporation, partnership, or entity, imprisonment may be
21 imposed upon its officers who knowingly participated in the
22 violation.

23 An application shall be filed and considered in accordance
24 with the rules of the Division. The Division shall adopt rules
25 to effectuate the provisions of this Section within 30 days
26 after the effective date of this Act.

1 A license fee of \$10,000,000 shall be paid to the Division
2 by an Internet gaming licensee at the time of issuance of the
3 license. All application and license fees shall be deposited
4 into the State Gaming Fund. The license fee imposed by this
5 Section shall constitute an advance payment of Internet
6 wagering taxes owed by the Internet gaming licensee under
7 Section 5-55 of this Act.

8 Section 5-26. Initial license and renewal requirements for
9 Internet gaming licenses obtained by an organization licensee.

10 (a) No internet gaming license may be awarded to or renewed
11 for any entity that is eligible for an Internet gaming license
12 because of an organization license awarded by the Illinois
13 Racing Board, unless they meet the following criteria:

14 (1) The entity must hold a valid organization license
15 awarded by the Illinois Racing Board for the term of the
16 license.

17 (2) The entity must hold an inter-track wagering
18 license awarded by the Illinois Racing Board for the term
19 of the license.

20 (3) The entity, for the term of the license, must have
21 a signed contract with the horsemen association
22 representing the largest number of owners, trainers,
23 jockeys, or standardbred drivers who race horses at that
24 organization licensee's racing meeting, the right to
25 execute or decline such contract being without condition,

1 and that stipulates:

2 (A) the number of races to be conducted at the
3 racing meeting and penalties for failure to conduct
4 those races;

5 (B) the amounts to be distributed to purse accounts
6 and penalties for failure to timely make such
7 distributions; and

8 (C) the reduction and ultimate elimination of
9 money payable from purses to organization licensees
10 under paragraph (13) of subsection (g) of Section 26 of
11 the Illinois Horse Racing Act of 1975, with such
12 reduction and elimination achieved as agreed either
13 through reimbursement or non-acceptance.

14 (4) The entity may not receive any proceeds from gross
15 gaming revenue during any period that gross gaming revenues
16 are not being deposited into the purse accounts as provided
17 in the signed contract with the applicable horsemen
18 association.

19 (b) The Illinois Gaming Board shall study the viability and
20 benefit of providing an Internet gaming license to the horsemen
21 association representing the largest number of owners,
22 training jockeys, or standardbred drivers who race horses at an
23 organization licensee's racing meetings, and shall prepare a
24 report for the Illinois General Assembly and the Governor no
25 later than 12 months after the effective date of this Act.

1 Section 5-27. Initial license and renewal requirements for
2 Internet gaming licenses obtained by an advance deposit
3 wagering licensee.

4 (a) No Internet gaming license may be awarded to or renewed
5 for any entity that is eligible for an Internet gaming license
6 because of an advance deposit wagering license awarded by the
7 Illinois Racing Board, unless it meets the following criteria:

8 (1) The entity must hold a valid advance deposit
9 wagering license awarded by the Illinois Racing Board for
10 the term of the Internet gaming license.

11 (2) The entity must have a signed contract with both
12 the organization licensee and the horsemen association
13 representing the largest number of owners, trainers,
14 jockeys, or standardbred drivers who race horses at that
15 organization licensee's racing meeting, the right to
16 execute or decline such contract being without condition,
17 and that stipulates:

18 (A) the number of races to be conducted at the
19 racing meeting and penalties for failure to conduct
20 those races;

21 (B) the amounts to be distributed to purse accounts
22 and penalties for failure to timely make such
23 distributions; and

24 (C) the reduction and ultimate elimination of
25 money payable from purses to organization licensees
26 under paragraph (13) of subsection (g) of Section 26 of

1 the Illinois Horse Racing Act of 1975, with such
2 reduction and elimination achieved as agreed either
3 through reimbursement or non-acceptance.

4 (3) The entity may not receive any proceeds from gross
5 gaming revenue during any period that gross gaming revenues
6 are not being deposited into the purse accounts as provided
7 in the signed contract with the applicable horsemen
8 association.

9 Section 5-30. Certification of Internet gaming vendors.
10 The Division is authorized to certify Internet gaming vendors
11 to provide goods, software, or services to Internet gaming
12 licensees. Certification by the Division of an Internet gaming
13 vendor shall be for a period of 5 years and shall be renewable
14 thereafter for an additional 5 years based on a determination
15 by the Division that the Internet gaming vendor continues to
16 meet all the requirements of this Act and the Division's rules.
17 The Division shall have the sole and exclusive jurisdiction to
18 determine what persons, corporations, partnerships, or other
19 entities require certification under this Act and the rules
20 adopted under this Act.

21 A person, corporation, partnership, or other entity may
22 apply to the Division to become an Internet gaming vendor as
23 provided in this Act and the rules of the Division. The
24 application shall be made on forms provided by the Division and
25 shall contain such information as the Division prescribes,

1 including, but not limited to, detailed information regarding
2 the ownership and management of the applicant, detailed
3 personal information regarding the applicant, financial
4 information regarding the applicant, and the gaming history and
5 experience of the applicant in the United States and other
6 jurisdictions. Each application shall be accompanied by a
7 non-refundable application fee, the amount of which shall be
8 determined by the Division, but shall not exceed \$250,000. An
9 incomplete application shall be cause for denial of
10 certification. No certification shall be granted to an Internet
11 gaming vendor who has accepted wagers via the Internet in
12 contravention of this Act or in contravention of any law of the
13 United States.

14 All information, records, interviews, reports, statements,
15 memoranda, or other data supplied to or used by the Division in
16 the course of its review or investigation of an application for
17 certification as an Internet gaming vendor is strictly
18 confidential and shall only be used for the purpose of
19 evaluating an applicant for a certification. Notwithstanding
20 any law to the contrary, such information is subject to Section
21 5.1 and subsection (d) of Section 6 of the Riverboat Gambling
22 Act.

23 Any person, association, corporation, partnership, or
24 entity who (i) knowingly makes materially false statements in
25 order to obtain certification as an Internet gaming vendor or
26 (ii) violates any other provision of this Act or any rule

1 adopted under this Act is guilty of a Class B misdemeanor for a
2 first offense and is guilty of a Class A misdemeanor for a
3 second or subsequent offense. In the case of an association,
4 corporation, partnership, or entity, imprisonment may be
5 imposed upon its officers who knowingly participate in the
6 violation.

7 The Board shall adopt rules to ensure that all licensees
8 are treated and all licensees act in a non-discriminatory
9 manner and develop processes and penalties to enforce those
10 rules.

11 Section 5-35. Authority of the Division.

12 (a) The Division shall have all the powers necessary or
13 desirable to effectuate the provisions of this Act, including,
14 but not limited to, the following powers:

15 (1) To develop qualifications, standards, and
16 procedures for approval and licensure of Internet gaming
17 licensees and certification of Internet gaming vendors.

18 (2) To decide promptly and in reasonable order all
19 license applications and to approve, deny, suspend,
20 revoke, restrict, or refuse to renew Internet gaming
21 licenses and Internet gaming vendor certifications. Any
22 party aggrieved by an action of the Division denying,
23 suspending, revoking, restricting, or refusing to renew a
24 license may request a hearing before the Division. A
25 request for hearing must be made to the Division in writing

1 within 5 days after service of notice of the action by the
2 Division. Notice of action by the Division shall be served
3 either by personal delivery or by certified mail, postage
4 prepaid, to the aggrieved party. Notice served by certified
5 mail shall be deemed complete on the business day following
6 the date of such mailing. The Division shall conduct all
7 requested hearings promptly and in reasonable order.

8 (3) To conduct all hearings pertaining to civil
9 violations of this Act or rules adopted under this Act.
10 Such hearings shall be governed by Section 5 of the
11 Riverboat Gambling Act. The Division shall further adopt
12 hearing rules and procedures for conducting hearings under
13 this Act. In such hearings, reproduced copies of any of the
14 Division's records relating to an Internet gaming licensee
15 or Internet gaming vendor, including (i) any notices
16 prepared in the Division's ordinary course of business and
17 (ii) any books, records, or other documents offered in the
18 name of the Division under certificate of the Executive
19 Director, or any officer or employee of the Division
20 designated in writing by the Executive Director, shall,
21 without further proof, be admitted into evidence in any
22 hearing before the hearing officers or any legal proceeding
23 and shall be prima facie proof of the information contained
24 therein. The Office of the Attorney General shall prosecute
25 all criminal violations of this Act or rules adopted under
26 this Act.

1 (4) To provide for the establishment and collection of
2 all license and certification fees and taxes imposed by
3 this Act and the rules adopted under this Act. All such
4 fees and taxes shall be deposited into the State Gaming
5 Fund.

6 (5) To develop and enforce testing, audit, and
7 certification requirements and schedules for Internet
8 gaming platforms, Internet gaming skins, Internet
9 wagering, and Internet wagering accounts, including,
10 without limitation, age and identification verification
11 software, geolocation software, Internet games, and gaming
12 hub software.

13 (6) To develop and enforce requirements for
14 responsible gaming and player protection, including
15 privacy and confidentiality standards and duties.

16 (7) To develop and enforce requirements for accepting
17 Internet wagers, Internet wagering accounts, and
18 authorized participants and minimum insurance
19 requirements.

20 (8) To develop and promote standards governing
21 contracts between Internet gaming licensees and the
22 payments industry.

23 (9) To develop and enforce standards and requirements
24 regarding anti-fraud, anti-money laundering, and
25 anti-collusion methods.

26 (10) To develop protocols related to the security of

1 and disputes arising over Internet wagers and Internet
2 wagering accounts.

3 (11) To be present through its inspectors and agents
4 upon the premises of any location where Internet gaming
5 operations are conducted by an Internet gaming licensee or
6 where components of an Internet gaming licensee's Internet
7 gaming platform are located, housed, or otherwise
8 maintained.

9 (12) To adopt by rule a code of conduct governing
10 Division employees that ensures, to the maximum extent
11 possible, that persons subject to this Act avoid
12 situations, relationships, or associations that may
13 represent or lead to an actual or perceived conflict of
14 interest.

15 (13) To develop and administer civil penalties for
16 Internet gaming licensees and Internet gaming vendors who
17 violate this Act or the rules adopted under this Act.

18 (14) To audit and inspect, on reasonable notice, books
19 and records relevant to Internet gaming operations,
20 Internet wagers, Internet wagering accounts, Internet
21 gaming skins, Internet games, or Internet gaming
22 platforms, including, without limitation, those books and
23 records regarding financing or accounting, marketing or
24 operational materials, or any other such materials held by
25 or in the custody of any Internet gaming licensee or
26 Internet gaming vendor. The Division may assert such

1 authority by administrative subpoena, which may further
2 set forth relevant document requests and interrogatories
3 and which shall be enforceable in the Circuit Court of Cook
4 County in the State of Illinois.

5 (15) To determine whether an Internet game is a
6 fee-based game or non-fee-based game.

7 (16) To acquire or lease real property and make
8 improvements thereon and acquire by lease or by purchase
9 personal property, including, but not limited to:

10 (A) computer hardware;

11 (B) mechanical, electronic, and online equipment
12 and terminals; and

13 (C) intangible property, including, but not
14 limited to, computer programs, software, and systems.

15 (17) To adopt rules for the purpose of administering
16 the provisions of this Act and to prescribe rules and
17 conditions under which all Internet gaming in the State
18 shall be conducted. Such rules are to provide for the
19 prevention of practices detrimental to the public interest
20 and for the best interests of Internet gaming, including
21 rules (i) regarding the inspection of licensees and the
22 review of any permits or licenses necessary to operate
23 under any applicable laws or rules, (ii) to impose
24 penalties for violations of this Act and its rules, and
25 (iii) establishing standards for advertising of Internet
26 gaming.

1 (b) The Division shall adopt and enforce such rules
2 governing the administration and conduct of Internet gaming as
3 it deems necessary to carry out the purpose of this Act. These
4 rules shall be subject to the provisions of the Illinois
5 Administrative Procedure Act and may include, but shall not be
6 limited to:

7 (1) the types of Internet games to be offered;

8 (2) price points for Internet games;

9 (3) player fees and percentage of rake commission or
10 other fee for Internet games;

11 (4) forms of payment accepted for Internet games;

12 (5) the number, type, and amount of prizes for Internet
13 games;

14 (6) the method of selecting winners and validating
15 winnings;

16 (7) the frequency of Internet games;

17 (8) responsible gaming;

18 (9) technical and financial standards for Internet
19 wagering, Internet wagering accounts, and Internet gaming
20 platforms, systems, and software or other electronic
21 components for Internet gaming; and

22 (10) such other matters necessary or desirable for the
23 efficient and economical operation and administration of
24 Internet gaming and for the convenience of authorized
25 Internet gaming participants and Internet gaming licensees
26 and certified Internet gaming vendors.

1 (c) Notwithstanding any law to the contrary, the Board
2 shall hire an Executive Director of the Division for a 5-year
3 term who shall be responsible to the Board and shall serve
4 subject only to removal by the Board for incompetence, neglect
5 of duty, or malfeasance in office. The Executive Director shall
6 be responsible for the supervision and direction of the
7 Division staff and for the necessary administrative activities
8 of the Division, subject only to the direction and approval of
9 the Board notwithstanding any law to the contrary.

10 Notwithstanding any law to the contrary, the Executive
11 Director shall hire and employ employees as may be necessary to
12 carry out the provisions of this Act or to perform the duties
13 and exercise the powers conferred by law upon the Division. All
14 employees of the Division shall receive the compensation fixed
15 by the Executive Director, and approved by the Board. The
16 Board, Executive Director, and Division employees shall be
17 reimbursed for all actual and necessary traveling and other
18 expenses and disbursements necessarily incurred or made by them
19 in the discharge of their official duties. The Board and
20 Executive Director may also incur necessary expenses for office
21 space, furniture, stationery, printing, operations, and other
22 incidental expenses.

23 The Executive Director shall report monthly to the Gaming
24 Board a full and complete statement of Internet gaming
25 revenues, other expenses for each month, and the amounts to be
26 transferred to the State Gaming Fund in accordance with this

1 Act. The Executive Director shall also make an annual report,
2 which shall include a full and complete statement of Internet
3 gaming revenues and other expenses, that shall be publicly
4 disclosed on the Board's Internet website. All reports required
5 by this subsection shall be public, and copies of all such
6 reports shall be sent to the Speaker of the House of
7 Representatives, the President of the Senate, the Minority
8 Leader of the House of Representatives, and the Minority Leader
9 of the Senate.

10 The Executive Director shall apprise himself or herself of:
11 (i) the operation and the administration of similar Internet
12 gaming laws that may be in effect in other states or countries;
13 (ii) any relevant literature on Internet gaming that from time
14 to time may be published or available; (iii) any federal laws
15 and regulations that may affect the operation of Internet
16 gaming; and (iv) the reaction of Illinois citizens to existing
17 and potential features of Internet gaming with a view to
18 recommending or effecting changes that will tend to serve the
19 purposes of this Act.

20 Section 5-40. Internet gaming skins. Each internet gaming
21 licensee shall be limited to not more than 2 Internet gaming
22 skins, each of which must reflect a brand owned by the licensee
23 or any affiliate of the licensee in the United States.

24 As used in this Section, "affiliate" means a person that
25 directly, or indirectly through one or more intermediaries,

1 controls, is controlled by, or is under common control with a
2 licensee.

3 Section 5-45. Place of public accommodation.

4 (a) No organization or commercial enterprise shall operate
5 a place of public accommodation, club, including a club or
6 association limited to dues-paying members or similar
7 restricted groups, or similar establishment in which computer
8 terminals or similar access devices are advertised or made
9 available to be used principally for the purpose of accessing
10 Internet games. No holder of (i) an owners license issued under
11 the Riverboat Gambling Act or (ii) an organization license or
12 advance deposit wagering license under the Illinois Horse
13 Racing Act of 1975 shall offer or make available computer
14 terminals or similar access devices to be used principally for
15 the purpose of accessing Internet games within the premises of
16 such license holder.

17 (b) Nothing in this Section shall be construed:

18 (1) to require the owner or operator of a hotel or
19 motel or other public place of general use in this State to
20 prohibit or block guests from playing Internet games; or

21 (2) to require an Internet gaming license holder to
22 prohibit authorized participants within the premises of
23 the license holder from playing Internet games.

24 Section 5-50. Age verification and responsible gaming.

1 (a) An Internet gaming licensee's Internet gaming platform
2 shall provide one or more mechanisms to reasonably verify that
3 a participant is 21 years of age or older and that wagering on
4 Internet games is limited to transactions that are initiated
5 and received or otherwise made exclusively within the State of
6 Illinois. A participant must satisfy the verification
7 requirements before he or she may establish an Internet gaming
8 account and wager on Internet games offered by Internet gaming
9 licensees. All servers on which any Internet games are operated
10 and conducted, and all underlying material technology, shall be
11 located in the State of Illinois, unless the Division has
12 otherwise authorized another location, which the Division may
13 so authorize in its discretion if it maintains the ability to
14 access or obtain all relevant data from such servers in such
15 manner as it may specify. At such a time that a legally
16 compliant mechanism is established to permit wagering on
17 Internet games by individuals physically located outside of the
18 State, the Division may adopt rules and procedures to allow and
19 govern wagering by those individuals and shall have the
20 authority to enter into multijurisdictional agreements and
21 related and ancillary agreements in order to effectuate such
22 wagering. An Internet gaming licensee's Internet gaming
23 platform shall also provide mechanisms designed to detect and
24 prevent the unauthorized use of Internet wagering accounts and
25 to detect and prevent fraud, money laundering, and collusion.
26 If a participant in Internet gaming violates any provision of

1 this Act or rule adopted by the Division, then the
2 participant's winnings shall be forfeited. Forfeited winnings
3 shall be deposited into the State Gaming Fund.

4 The following persons shall not be authorized to establish
5 Internet gaming accounts or wager on Internet games offered by
6 Internet gaming licensees, except where required and
7 authorized by the Division for testing purposes or to otherwise
8 fulfill the purposes set forth in this Act: (i) a minor under
9 21 years of age; (ii) a current member of the Lottery Control
10 Board; (iii) a current officer or other person employed by the
11 Department of the Lottery, the Division of Internet Gaming, the
12 Illinois Racing Board, or the Illinois Gaming Board; (iv) a
13 spouse, civil union partner, child, brother, sister, or parent
14 residing as a member of the same household in the principal
15 place of abode of any persons identified in (ii) or (iii); and
16 (iv) an individual whose name appears in the Division's
17 responsible gaming database.

18 (b) The Division shall develop responsible gaming
19 measures, including a statewide responsible gaming database
20 identifying individuals who shall be prohibited from
21 establishing an Internet wagering account or participating in
22 Internet gaming offered by an Internet gaming licensee. The
23 Executive Director may place a person on the responsible gaming
24 database if that person (i) has been convicted in any
25 jurisdiction of a felony or a crime involving gaming; (ii) has
26 violated this Act, the Illinois Horse Racing Act of 1975, the

1 Riverboat Gambling Act, the Raffles and Poker Runs Act, the
2 Illinois Pull Tabs and Jar Games Act, the Bingo License and Tax
3 Act, the Charitable Games Act, or the Video Gaming Act; (iii)
4 has performed any act or had a notorious or unsavory reputation
5 that would adversely affect public confidence and trust in
6 gaming; or (iv) has his or her name on any valid and current
7 exclusion list from another jurisdiction in the United States
8 or foreign jurisdiction. By rule, the Division shall adopt
9 procedures for the establishment and maintenance of the
10 responsible gaming database. The Illinois Gaming Board and the
11 Illinois Racing Board, in a format specified by the Division,
12 provide the Division with names of individuals to be included
13 in the responsible gaming database. The Division may impose
14 reasonable fees on persons authorized to access and use the
15 responsible gaming database.

16 An Internet gaming licensee's Internet gaming platform
17 shall offer in a clear, conspicuous, and accessible manner,
18 responsible gambling services and technical controls to
19 participants, including both temporary and permanent
20 self-exclusion for all games offered; the ability for
21 participants to establish their own periodic deposit and
22 wagering limits and maximum playing times; referrals to crisis
23 counseling and referral services for individuals and families
24 experiencing difficulty as a result of problem or compulsive
25 gambling; and other services as the Division reasonably may
26 determine are necessary or appropriate to reduce and prevent

1 problem gambling. Any authorized participant who is allowed to
2 participate in Internet gaming may voluntarily prohibit
3 themselves from establishing an Internet gaming account. The
4 Division shall incorporate the voluntary self-exclusion list
5 into the responsible gaming database and maintain both the
6 self-exclusion list and the responsible gaming database in a
7 confidential manner. Notwithstanding any law to the contrary,
8 the self-exclusion list and responsible gaming database are not
9 public records subject to copying and disclosure under the
10 Freedom of Information Act.

11 (c) There is created the Responsible Internet Gaming
12 Advisory Board to make recommendations to the Executive
13 Director regarding the development of rules and procedures to
14 reduce and prevent problem or compulsive gambling and youth
15 gambling and to ensure the conduct of safe, fair, and
16 responsible Internet gaming. The Advisory Board shall consist
17 of the following members:

18 (1) the Chairman of the Illinois Gaming Board, who
19 shall be an ex officio member and shall serve as
20 Chairperson;

21 (2) the Executive Director of the Division of Internet
22 Gaming, who shall be an ex officio member;

23 (3) one representative from a national organization
24 dedicated to the study and prevention of problem gambling,
25 appointed by the Board;

26 (4) one member who is an academic professional engaged

1 in the study of problem gambling at a university or other
2 institution of higher learning, appointed by the Board;

3 (5) one member who has professional experience and
4 expertise in the field of technical and systemic controls
5 for responsible Internet gaming, appointed by the Board;
6 and

7 (6) one member who is an Illinois citizen and a member
8 of the public, appointed by the Board.

9 Each Advisory Board member shall serve for a term of 4
10 years and until his or her successor is appointed and
11 qualified. However, in making initial appointments, 2 shall be
12 appointed to serve for 2 years and 2 shall be appointed to
13 serve for 4 years. Appointments to fill vacancies shall be made
14 in the same manner as original appointments for the unexpired
15 portion of the vacated term. Initial terms shall begin on the
16 effective date of this Act. Each member of the Advisory Board
17 shall be eligible for reappointment at the discretion of the
18 Board. A member of the Advisory Board may be removed from
19 office for just cause. Advisory Board members shall receive no
20 compensation, but shall be reimbursed for expenses incurred in
21 connection with their duties as Advisory Board members.

22 Four members shall constitute a quorum. A majority vote of
23 the Advisory Board is required for an Advisory Board decision.
24 The Advisory Board shall meet no less often than once every 6
25 months and shall meet as often as the Chairperson deems
26 necessary. Advisory Board members shall not be liable for any

1 of their acts, omissions, decisions, or any other conduct in
2 connection with their duties on the Advisory Board, except
3 those involving willful, wanton, or intentional misconduct.

4 The Advisory Board may have such powers as may be granted
5 by the Executive Director to carry out the provisions of this
6 Act regarding responsible Internet gaming.

7 Section 5-55. Tax rate and distribution.

8 (a) Except as otherwise provided in this subsection (a), a
9 tax is hereby imposed on Internet gaming licensees, based on
10 the gross gaming revenue received by an Internet gaming
11 licensee from Internet games authorized under this Act, at the
12 rate of 15% of annual gross gaming revenue for all fee-based
13 games and all non-fee-based games.

14 The taxes imposed by this Section shall be paid by the
15 Internet gaming licensee to the Division no later than 5:00
16 p.m. on the day after the day when the wagers were made.

17 In recognition of the advance tax revenue paid by the
18 Internet gaming licensee in its license fee, an Internet gaming
19 licensee shall be taxed at the following rates during the
20 initial 5-year license term:

21 (1) for all non-fee-based games, the tax shall be 10%
22 of annual gross non-fee-based gaming revenue up to and
23 including \$100,000,000 of gross gaming revenue and 15% of
24 annual gross non-fee-based gaming revenue in excess
25 \$100,000,000 of gross gaming revenue; and

1 (2) for all fee-based games, the tax shall be 10% of
2 annual gross fee-based gaming revenue up to and
3 \$100,000,000 of gross gaming revenue and 15% of annual
4 gross fee-based gaming revenue in excess \$100,000,000 of
5 gross gaming revenue.

6 (b) \$10,000,000 from the tax revenue deposited in the State
7 Gaming Fund under this Act shall be paid annually to the
8 Department of Human Services for the administration of programs
9 to treat problem gambling.

10 (c) From the tax revenue deposited into the State Gaming
11 Fund under this Act, 5% shall be transferred into the Depressed
12 Communities Economic Development Fund annually.

13 (d) After the amounts specified in subsections (b) and (c)
14 have been paid or transferred, all remaining tax revenue
15 deposited in the State Gaming Fund in accordance with this Act
16 shall be transferred in equal parts to the Pension
17 Stabilization Fund and Education Assistance Fund.

18 Section 5-57. Horse racing Internet purse distributions.

19 (a) Each Internet gaming licensee holding an Internet
20 gaming license because of an organization license or advance
21 deposit wagering license awarded by the Illinois Racing Board
22 shall timely make purse distributions in the total amount
23 stipulated in the contract signed by the applicable horsemen
24 association. That total amount shall be divided as follows:

25 (1) 31% of the moneys to organization licensees

1 Section 90-5. The State Finance Act is amended by adding
2 Section 5.878 as follows:

3 (30 ILCS 105/5.878 new)

4 Sec. 5.878. The Depressed Communities Economic Development
5 Fund.

6 Section 90-10. The Department of Commerce and Economic
7 Opportunity Law of the Civil Administrative Code of Illinois is
8 amended by adding Section 605-530 as follows:

9 (20 ILCS 605/605-530 new)

10 Sec. 605-530. The Depressed Communities Economic
11 Development Board.

12 (a) The Depressed Communities Economic Development Board
13 is created as an advisory board within the Department of
14 Commerce and Economic Opportunity. The Board shall consist of
15 the following members:

16 (1) 2 members appointed by the Governor, one of whom
17 shall be appointed to serve an initial term of one year and
18 2 of whom shall be appointed to serve an initial term of 2
19 years;

20 (2) 2 members appointed by the Speaker of the House of
21 Representatives, one of whom shall be appointed to serve an
22 initial term of one year and one of whom shall be appointed

1 to serve an initial term of 2 years;

2 (3) 2 members appointed by the President of the Senate,
3 one of whom shall be appointed to serve an initial term of
4 one year and one of whom shall be appointed to serve an
5 initial term of 2 years;

6 (4) 2 members appointed by the Minority Leader of the
7 House of Representatives, one of whom shall be appointed to
8 serve an initial term of one year and one of whom shall be
9 appointed to serve an initial term of 2 years; and

10 (5) 2 members appointed by the Minority Leader of the
11 Senate, one of whom shall be appointed to serve an initial
12 term of one year and one of whom shall be appointed to
13 serve an initial term of 2 years.

14 The members of the Board shall elect a member to serve as
15 chair of the Board. The members of the Board shall reflect the
16 composition of the Illinois population with regard to ethnic
17 and racial composition.

18 After the initial terms, each member shall be appointed to
19 serve a term of 2 years and until his or her successor has been
20 appointed and assumes office. If a vacancy occurs in the Board
21 membership, then the vacancy shall be filled in the same manner
22 as the initial appointment. No member of the Board shall, at
23 the time of his or her appointment or within 2 years before the
24 appointment, hold elected office or be appointed to a State
25 board, commission, or agency. All Board members are subject to
26 the State Officials and Employees Ethics Act.

1 (b) Board members shall serve without compensation, but may
2 be reimbursed for their reasonable travel expenses from funds
3 available for that purpose. The Department of Commerce and
4 Economic Opportunity shall provide staff and administrative
5 support services to the Board.

6 (c) The Board must make recommendations, which must be
7 approved by a majority of the Board, to the Department of
8 Commerce and Economic Opportunity concerning the award of
9 grants from amounts appropriated to the Department from the
10 Depressed Communities Economic Development Fund, a special
11 fund created in the State treasury. The Department must make
12 grants to public or private entities submitting proposals to
13 the Board to revitalize an Illinois depressed community. Grants
14 may be used by these entities only for those purposes
15 conditioned with the grant. For the purposes of this subsection
16 (c), plans for revitalizing an Illinois depressed community
17 include plans intended to curb high levels of poverty,
18 unemployment, job and population loss, and general distress. An
19 Illinois depressed community is an area where the poverty rate,
20 as determined by using the most recent data released by the
21 United States Census Bureau, is at least 3% greater than the
22 State poverty rate as determined by using the most recent data
23 released by the United States Census Bureau.

24 Section 90-15. The Criminal Code of 2012 is amended by
25 changing Sections 28-1, 28-1.1, 28-3, and 28-5 as follows:

1 (720 ILCS 5/28-1) (from Ch. 38, par. 28-1)

2 Sec. 28-1. Gambling.

3 (a) A person commits gambling when he or she:

4 (1) knowingly plays a game of chance or skill for money
5 or other thing of value, unless excepted in subsection (b)
6 of this Section;

7 (2) knowingly makes a wager upon the result of any
8 game, contest, or any political nomination, appointment or
9 election;

10 (3) knowingly operates, keeps, owns, uses, purchases,
11 exhibits, rents, sells, bargains for the sale or lease of,
12 manufactures or distributes any gambling device;

13 (4) contracts to have or give himself or herself or
14 another the option to buy or sell, or contracts to buy or
15 sell, at a future time, any grain or other commodity
16 whatsoever, or any stock or security of any company, where
17 it is at the time of making such contract intended by both
18 parties thereto that the contract to buy or sell, or the
19 option, whenever exercised, or the contract resulting
20 therefrom, shall be settled, not by the receipt or delivery
21 of such property, but by the payment only of differences in
22 prices thereof; however, the issuance, purchase, sale,
23 exercise, endorsement or guarantee, by or through a person
24 registered with the Secretary of State pursuant to Section
25 8 of the Illinois Securities Law of 1953, or by or through

1 a person exempt from such registration under said Section
2 8, of a put, call, or other option to buy or sell
3 securities which have been registered with the Secretary of
4 State or which are exempt from such registration under
5 Section 3 of the Illinois Securities Law of 1953 is not
6 gambling within the meaning of this paragraph (4);

7 (5) knowingly owns or possesses any book, instrument or
8 apparatus by means of which bets or wagers have been, or
9 are, recorded or registered, or knowingly possesses any
10 money which he has received in the course of a bet or
11 wager;

12 (6) knowingly sells pools upon the result of any game
13 or contest of skill or chance, political nomination,
14 appointment or election;

15 (7) knowingly sets up or promotes any lottery or sells,
16 offers to sell or transfers any ticket or share for any
17 lottery;

18 (8) knowingly sets up or promotes any policy game or
19 sells, offers to sell or knowingly possesses or transfers
20 any policy ticket, slip, record, document or other similar
21 device;

22 (9) knowingly drafts, prints or publishes any lottery
23 ticket or share, or any policy ticket, slip, record,
24 document or similar device, except for such activity
25 related to lotteries, bingo games and raffles authorized by
26 and conducted in accordance with the laws of Illinois or

1 any other state or foreign government;

2 (10) knowingly advertises any lottery or policy game,
3 except for such activity related to lotteries, bingo games
4 and raffles authorized by and conducted in accordance with
5 the laws of Illinois or any other state;

6 (11) knowingly transmits information as to wagers,
7 betting odds, or changes in betting odds by telephone,
8 telegraph, radio, semaphore or similar means; or knowingly
9 installs or maintains equipment for the transmission or
10 receipt of such information; except that nothing in this
11 subdivision (11) prohibits transmission or receipt of such
12 information for use in news reporting of sporting events or
13 contests; or

14 (12) knowingly establishes, maintains, or operates an
15 Internet site that permits a person to play a game of
16 chance or skill for money or other thing of value by means
17 of the Internet or to make a wager upon the result of any
18 game, contest, political nomination, appointment, or
19 election by means of the Internet. This item (12) does not
20 apply to activities referenced in items (6), ~~and~~ (6.1) ~~and~~
21 (15), or (16) of subsection (b) of this Section.

22 (b) Participants in any of the following activities shall
23 not be convicted of gambling:

24 (1) Agreements to compensate for loss caused by the
25 happening of chance including without limitation contracts
26 of indemnity or guaranty and life or health or accident

1 insurance.

2 (2) Offers of prizes, award or compensation to the
3 actual contestants in any bona fide contest for the
4 determination of skill, speed, strength or endurance or to
5 the owners of animals or vehicles entered in such contest.

6 (3) Pari-mutuel betting as authorized by the law of
7 this State.

8 (4) Manufacture of gambling devices, including the
9 acquisition of essential parts therefor and the assembly
10 thereof, for transportation in interstate or foreign
11 commerce to any place outside this State when such
12 transportation is not prohibited by any applicable Federal
13 law; or the manufacture, distribution, or possession of
14 video gaming terminals, as defined in the Video Gaming Act,
15 by manufacturers, distributors, and terminal operators
16 licensed to do so under the Video Gaming Act.

17 (5) The game commonly known as "bingo", when conducted
18 in accordance with the Bingo License and Tax Act.

19 (6) Lotteries when conducted by the State of Illinois
20 in accordance with the Illinois Lottery Law. This exemption
21 includes any activity conducted by the Department of
22 Revenue to sell lottery tickets pursuant to the provisions
23 of the Illinois Lottery Law and its rules.

24 (6.1) The purchase of lottery tickets through the
25 Internet for a lottery conducted by the State of Illinois
26 under the program established in Section 7.12 of the

1 Illinois Lottery Law.

2 (7) Possession of an antique slot machine that is
3 neither used nor intended to be used in the operation or
4 promotion of any unlawful gambling activity or enterprise.
5 For the purpose of this subparagraph (b)(7), an antique
6 slot machine is one manufactured 25 years ago or earlier.

7 (8) Raffles and poker runs when conducted in accordance
8 with the Raffles and Poker Runs Act.

9 (9) Charitable games when conducted in accordance with
10 the Charitable Games Act.

11 (10) Pull tabs and jar games when conducted under the
12 Illinois Pull Tabs and Jar Games Act.

13 (11) Gambling games conducted on riverboats when
14 authorized by the Riverboat Gambling Act.

15 (12) Video gaming terminal games at a licensed
16 establishment, licensed truck stop establishment, licensed
17 fraternal establishment, or licensed veterans
18 establishment when conducted in accordance with the Video
19 Gaming Act.

20 (13) Games of skill or chance where money or other
21 things of value can be won but no payment or purchase is
22 required to participate.

23 (14) Savings promotion raffles authorized under
24 Section 5g of the Illinois Banking Act, Section 7008 of the
25 Savings Bank Act, Section 42.7 of the Illinois Credit Union
26 Act, Section 5136B of the National Bank Act (12 U.S.C.

1 25a), or Section 4 of the Home Owners' Loan Act (12 U.S.C.
2 1463).

3 (15) Interactive fantasy sports contests and
4 participation in interactive fantasy sports contests
5 authorized under the Fantasy Sports Contest Act.

6 (16) Internet wagering when conducted in accordance
7 with the Internet Gaming Act.

8 (c) Sentence.

9 Gambling is a Class A misdemeanor. A second or subsequent
10 conviction under subsections (a) (3) through (a) (12), is a Class
11 4 felony.

12 (d) Circumstantial evidence.

13 In prosecutions under this Section circumstantial evidence
14 shall have the same validity and weight as in any criminal
15 prosecution.

16 (Source: P.A. 98-644, eff. 6-10-14; 99-149, eff. 1-1-16.)

17 (720 ILCS 5/28-1.1) (from Ch. 38, par. 28-1.1)

18 Sec. 28-1.1. Syndicated gambling.

19 (a) Declaration of Purpose. Recognizing the close
20 relationship between professional gambling and other organized
21 crime, it is declared to be the policy of the legislature to
22 restrain persons from engaging in the business of gambling for
23 profit in this State. This Section shall be liberally construed
24 and administered with a view to carrying out this policy.

25 (b) A person commits syndicated gambling when he or she

1 operates a "policy game" or engages in the business of
2 bookmaking.

3 (c) A person "operates a policy game" when he or she
4 knowingly uses any premises or property for the purpose of
5 receiving or knowingly does receive from what is commonly
6 called "policy":

7 (1) money from a person other than the bettor or player
8 whose bets or plays are represented by the money; or

9 (2) written "policy game" records, made or used over
10 any period of time, from a person other than the bettor or
11 player whose bets or plays are represented by the written
12 record.

13 (d) A person engages in bookmaking when he or she knowingly
14 receives or accepts more than five bets or wagers upon the
15 result of any trials or contests of skill, speed or power of
16 endurance or upon any lot, chance, casualty, unknown or
17 contingent event whatsoever, which bets or wagers shall be of
18 such size that the total of the amounts of money paid or
19 promised to be paid to the bookmaker on account thereof shall
20 exceed \$2,000. Bookmaking is the receiving or accepting of bets
21 or wagers regardless of the form or manner in which the
22 bookmaker records them.

23 (e) Participants in any of the following activities shall
24 not be convicted of syndicated gambling:

25 (1) Agreements to compensate for loss caused by the
26 happening of chance including without limitation contracts

1 of indemnity or guaranty and life or health or accident
2 insurance;

3 (2) Offers of prizes, award or compensation to the
4 actual contestants in any bona fide contest for the
5 determination of skill, speed, strength or endurance or to
6 the owners of animals or vehicles entered in the contest;

7 (3) Pari-mutuel betting as authorized by law of this
8 State;

9 (4) Manufacture of gambling devices, including the
10 acquisition of essential parts therefor and the assembly
11 thereof, for transportation in interstate or foreign
12 commerce to any place outside this State when the
13 transportation is not prohibited by any applicable Federal
14 law;

15 (5) Raffles and poker runs when conducted in accordance
16 with the Raffles and Poker Runs Act;

17 (6) Gambling games conducted on riverboats when
18 authorized by the Riverboat Gambling Act;

19 (7) Video gaming terminal games at a licensed
20 establishment, licensed truck stop establishment, licensed
21 fraternal establishment, or licensed veterans
22 establishment when conducted in accordance with the Video
23 Gaming Act; ~~and~~

24 (8) Savings promotion raffles authorized under Section
25 5g of the Illinois Banking Act, Section 7008 of the Savings
26 Bank Act, Section 42.7 of the Illinois Credit Union Act,

1 Section 5136B of the National Bank Act (12 U.S.C. 25a), or
2 Section 4 of the Home Owners' Loan Act (12 U.S.C. 1463);
3 and-

4 (9) Internet wagering when conducted in accordance
5 with the Internet Gaming Act.

6 (f) Sentence. Syndicated gambling is a Class 3 felony.
7 (Source: P.A. 98-644, eff. 6-10-14; 99-149, eff. 1-1-16.)

8 (720 ILCS 5/28-3) (from Ch. 38, par. 28-3)

9 Sec. 28-3. Keeping a Gambling Place. A "gambling place" is
10 any real estate, vehicle, boat or any other property whatsoever
11 used for the purposes of gambling other than gambling conducted
12 in the manner authorized by the Riverboat Gambling Act,
13 Internet Gaming Act, or the Video Gaming Act. Any person who
14 knowingly permits any premises or property owned or occupied by
15 him or under his control to be used as a gambling place commits
16 a Class A misdemeanor. Each subsequent offense is a Class 4
17 felony. When any premises is determined by the circuit court to
18 be a gambling place:

19 (a) Such premises is a public nuisance and may be proceeded
20 against as such, and

21 (b) All licenses, permits or certificates issued by the
22 State of Illinois or any subdivision or public agency thereof
23 authorizing the serving of food or liquor on such premises
24 shall be void; and no license, permit or certificate so
25 cancelled shall be reissued for such premises for a period of

1 60 days thereafter; nor shall any person convicted of keeping a
2 gambling place be reissued such license for one year from his
3 conviction and, after a second conviction of keeping a gambling
4 place, any such person shall not be reissued such license, and

5 (c) Such premises of any person who knowingly permits
6 thereon a violation of any Section of this Article shall be
7 held liable for, and may be sold to pay any unsatisfied
8 judgment that may be recovered and any unsatisfied fine that
9 may be levied under any Section of this Article.

10 (Source: P.A. 96-34, eff. 7-13-09.)

11 (720 ILCS 5/28-5) (from Ch. 38, par. 28-5)

12 Sec. 28-5. Seizure of gambling devices and gambling funds.

13 (a) Every device designed for gambling which is incapable
14 of lawful use or every device used unlawfully for gambling
15 shall be considered a "gambling device", and shall be subject
16 to seizure, confiscation and destruction by the Department of
17 State Police or by any municipal, or other local authority,
18 within whose jurisdiction the same may be found. As used in
19 this Section, a "gambling device" includes any slot machine,
20 and includes any machine or device constructed for the
21 reception of money or other thing of value and so constructed
22 as to return, or to cause someone to return, on chance to the
23 player thereof money, property or a right to receive money or
24 property. With the exception of any device designed for
25 gambling which is incapable of lawful use, no gambling device

1 shall be forfeited or destroyed unless an individual with a
2 property interest in said device knows of the unlawful use of
3 the device.

4 (b) Every gambling device shall be seized and forfeited to
5 the county wherein such seizure occurs. Any money or other
6 thing of value integrally related to acts of gambling shall be
7 seized and forfeited to the county wherein such seizure occurs.

8 (c) If, within 60 days after any seizure pursuant to
9 subparagraph (b) of this Section, a person having any property
10 interest in the seized property is charged with an offense, the
11 court which renders judgment upon such charge shall, within 30
12 days after such judgment, conduct a forfeiture hearing to
13 determine whether such property was a gambling device at the
14 time of seizure. Such hearing shall be commenced by a written
15 petition by the State, including material allegations of fact,
16 the name and address of every person determined by the State to
17 have any property interest in the seized property, a
18 representation that written notice of the date, time and place
19 of such hearing has been mailed to every such person by
20 certified mail at least 10 days before such date, and a request
21 for forfeiture. Every such person may appear as a party and
22 present evidence at such hearing. The quantum of proof required
23 shall be a preponderance of the evidence, and the burden of
24 proof shall be on the State. If the court determines that the
25 seized property was a gambling device at the time of seizure,
26 an order of forfeiture and disposition of the seized property

1 shall be entered: a gambling device shall be received by the
2 State's Attorney, who shall effect its destruction, except that
3 valuable parts thereof may be liquidated and the resultant
4 money shall be deposited in the general fund of the county
5 wherein such seizure occurred; money and other things of value
6 shall be received by the State's Attorney and, upon
7 liquidation, shall be deposited in the general fund of the
8 county wherein such seizure occurred. However, in the event
9 that a defendant raises the defense that the seized slot
10 machine is an antique slot machine described in subparagraph
11 (b) (7) of Section 28-1 of this Code and therefore he is exempt
12 from the charge of a gambling activity participant, the seized
13 antique slot machine shall not be destroyed or otherwise
14 altered until a final determination is made by the Court as to
15 whether it is such an antique slot machine. Upon a final
16 determination by the Court of this question in favor of the
17 defendant, such slot machine shall be immediately returned to
18 the defendant. Such order of forfeiture and disposition shall,
19 for the purposes of appeal, be a final order and judgment in a
20 civil proceeding.

21 (d) If a seizure pursuant to subparagraph (b) of this
22 Section is not followed by a charge pursuant to subparagraph
23 (c) of this Section, or if the prosecution of such charge is
24 permanently terminated or indefinitely discontinued without
25 any judgment of conviction or acquittal (1) the State's
26 Attorney shall commence an in rem proceeding for the forfeiture

1 and destruction of a gambling device, or for the forfeiture and
2 deposit in the general fund of the county of any seized money
3 or other things of value, or both, in the circuit court and (2)
4 any person having any property interest in such seized gambling
5 device, money or other thing of value may commence separate
6 civil proceedings in the manner provided by law.

7 (e) Any gambling device displayed for sale to a riverboat
8 gambling operation or Internet gaming operation or used to
9 train occupational licensees of a riverboat gambling operation
10 or Internet gaming operation as authorized under the Riverboat
11 Gambling Act or Internet Gaming Act is exempt from seizure
12 under this Section.

13 (f) Any gambling equipment, devices and supplies provided
14 by a licensed supplier or licensed Internet gaming vendor in
15 accordance with the Riverboat Gambling Act or Internet Gaming
16 Act which are removed from a the riverboat or Internet gaming
17 facility for repair are exempt from seizure under this Section.

18 (g) The following video gaming terminals are exempt from
19 seizure under this Section:

20 (1) Video gaming terminals for sale to a licensed
21 distributor or operator under the Video Gaming Act.

22 (2) Video gaming terminals used to train licensed
23 technicians or licensed terminal handlers.

24 (3) Video gaming terminals that are removed from a
25 licensed establishment, licensed truck stop establishment,
26 licensed fraternal establishment, or licensed veterans

1 establishment for repair.

2 (Source: P.A. 98-31, eff. 6-24-13.)".